

30 Jan 85

Talking Points

- The Soviets with their partners have gobbled up or are threatening a huge slice of Asia, Africa and Latin America. (see map)

- In the mid-sixties, there were 16 countries getting military support from the Soviets; in the mid-seventies, 33 and none occupied by Soviets or their proxies. Today 40 countries get military support, 9 are occupied by Soviet, Cuban or Libyan troops, and 6 are facing insurgencies supported by Soviets, Cubans or Libyans.

- North Africa from Tunisia to Sudan and Somalia, Central Africa from Chad to Zaire, are under pressure from Libya with its well financed terrorism and Ethiopia with the largest army in Africa. Southern Africa is under Cuban and Soviet pressure.

- All of Central America and Peru and Bolivia in South America, together with islands in the Caribbean, are under Cuban, Libyan and Soviet pressure.

- Asia from the southern border of China and its sea lanes to Thailand and Pakistan is under pressure from Vietnam with the fourth largest army in the world and from 170,000 occupying Vietnamese troops in Cambodia and 120,000 occupying Soviet troops in Afghanistan.

- The Soviets are spending \$8 billion a year to wage this worldwide war from Cam Ranh Bay in Vietnam to Afghanistan, from the Horn of Africa to the South Atlantic to the Pacific coast of Nicaragua.

- In 1981, most of these positions faced opposition from less than 100,000 freedom fighters. Today in Afghanistan, Cambodia, Angola, Ethiopia and Nicaragua more than 300,000 ordinary people have taken up arms against Communist imposed regimes. This has checked the advance of Soviet power around the world.

- But we have yet to bring into play our strongest asset - our economic strength and skills, our technology, our marketing power and capital.

- In 1981, at Cancun in Mexico, you called for development in Asia, Africa and Latin America through private capital and market forces.

- This is happening. As undeveloped countries see that Marxist economics and Soviet trade does not deliver the progress they want, they are turning state industries over to private ownership, getting rid of price ceilings and subsidies, seeking foreign capital, skills and technology for their land and local industries. Second free economies are developing alongside of and faster than state regulated ones. In Peru a second economy took root, without any external aid, through the initiative of people who couldn't wait to get all the permits needed to go into business. It has become larger than the legal economy. All U.S. aid goes to the government and its stagnant over regulated economy.

- A analysis details this worldwide trend, as yet slowly emerging. Yet, the instrumentalities of the American government have done far little to foster this process.

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- The momentum we have achieved in checking Soviet expansion can be greatly accelerated by weighing in with the economic instruments the Soviets can't match. We have a historic opportunity to bring progress around the world and win the battle for the Third World by demonstrating that Western capital, technology and managerial skills can accomplish what Soviet military and economic assistance have failed to deliver.

- AID is the instrument to mobilize the economic initiative you called for at Cancun and further catalyze the forces of choice and initiative already

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manifesting themselves out there. It has \$7 billion a year to work with, \$2 billion of it discretionary. Of this, only \$20 million (1% of the funds freely available) has been put into the fostering of private enterprise. The remainder of \$7 billion goes into state projects and a worldwide welfare program, some of it no doubt needed and worthwhile. Some legislative changes would help but there is enough flexibility to do a great deal now.

- With a new message and a new approach, AID, along with OPIC and the ExIm Bank guarantee authority, can and should quickly become the vehicle to carry out the mission you enunciated at Cancun. Ambassador Kirkpatrick is superbly equipped and positioned to carry the message of the superiority of Western economics and political capabilities over Marxist military and totalitarian offerings. This would continue and build on the work she did with those now less hostile Third World countries at the UN.

- To help both friendly governments which are and may be threatened and those resisting oppressive Communist imposed governments, Ambassador Kirkpatrick or someone must provide the leadership in AID capable of articulating and strongly implementing the call you made at Cancun in Mexico in 1981.